

Bonding Calculations

Direct Costs

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Subtotal Backfilling and Grading	\$941,073.00
Subtotal Revegetation	\$876,537.00
Direct Costs	\$3,756,128

Indirect Costs

Mob/Demob	\$375,613	10.0%
Contingency	\$187,806	5.0%
Engineering Redesign	\$93,903	2.5%
Main Office Expense	\$255,417	6.8%
Project Management Fee	\$93,903	2.5%
Subtotal Indirect Costs	\$1,006,642	26.8%

Total Cost 2006 \$4,762,770

Escalation factor 4
 Number of years 0.012
 Escalation \$92,879

Reclamation Cost Escalated \$4,855,649

Bond Amount (rounded to nearest \$1,000) \$4,856,000
 2009 Dollars

Posted Bond September 19, 2006 \$5,137,000

Difference Between Cost Estimate and Bond \$281,000
 Percent Difference 5.79%

File in:

- ☐ Confidential
☐ Shelf
☒ Expandable

Refer to Record No. 0030 Date 06/19/2009
 In C 007005, 2009, Incoming
 For additional information

0030



Canyon Fuel
Company, LLC.
Skyline Mine

A Subsidiary of Arch Western Bauxite Group, LLC.

4007/005 Incoming #3342

Gregg Galecki, Environ. Engineer
HCR 35, Box 380
Helper, UT 84526
(435) 448-2636 - Office
(435) 448-2632 - Fax

COPY

June 19, 2009

Mr. James D. Smith
Division of Oil, Gas, and Mining
1594 West North Temple
Salt Lake City, Utah 84114-5801

RE: Rock Dust Transfer Lines – Construction approval, Canyon Fuel Company, LLC, Skyline Mine, C/007/005,

Dear Jim:

Attached to this letter is pertinent information requesting approval to initiate drilling of boreholes to transfer rock dust underground. The drill location is within the Mine Site Disturbed Area immediately adjacent to the existing Rock Dust building. The boreholes would be similar exploration drill holes with completion terminating within the Mine. The purpose of the project is to directly transfer Rock Dust from the Surface to Mine where it will be used. The construction includes drilling two (2) 3.5-inch boreholes a distance of approximately 255 feet each to intersect the mine workings. The boreholes will be completed with 3-inch (I.D.) steel casing. At reclamation the standard borehole development will be followed as outlined in Section 2.2 of the M&RP. Ms. Priscilla Burton and Mr. Peter Hess have been briefed on the project. The permit modification consists of: 1) Section 2.2 page 2-21(a), 2) Plate 3.2.1-1 Surface Facilities Map illustrating the location of the transfer lines, and 4) the appropriate adjustments to the Reclamation bond to accommodate demolition of the structures.

Attached to this cover letter are completed C1 and C2 forms, five (5) copies of both redline/strikeout and clean text, the bond information, five (5) clean copies of Plate 3.2.1-1, and one (1) Compact Disc (CD) containing the complete submittal package. One copy of the submittal was delivered directly to the Price Field Office.

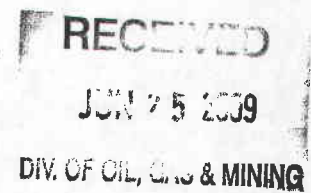
If you have any questions regarding this information, please give me a call at (435) 448-2636.

Sincerely:

Gregg A. Galecki
Canyon Fuel Company, LLC.
Environmental Engineer – Skyline Mines

Enclosures

File in:
C/007/005 2009, Incoming
Refer to:
☐ Confidential
☐ Shelf
☒ Expandable
Date 06/19/09 For additional information



APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☒ New Permit ☐ Renewal ☐ Exploration ☐ Bond Release ☐ Transfer ☐ **COPY**

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Rock Dust Transmission Lines

Description: Include reason for application and timing required to implement:

Changes made to Surface Facility Map, bond, and hole sealing text to accommodate transmission lines.

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |
| <i>Explain:</i> _____ | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

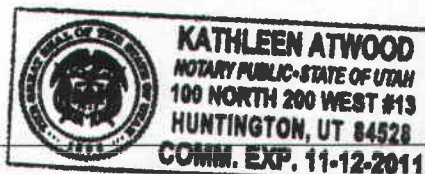
Wesley K Sorensen
Print Name

Wesley K Sorensen
Sign Name, Position, Date
General Manager 6/16/09

Subscribed and sworn to before me this 16th day of JUNE, 2009

Kathleen Atwood
Notary Public

My commission Expires: 11-12-2011
Attest: State of Utah } ss:
County of Carbon



For Office Use Only:

Assigned Tracking
Number:

Received by Oil, Gas & Mining

RECEIVED

JUN 25 2009

DIV. OF OIL, GAS & MINING

Plan COPY

Title: Dust Transfer Lines

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

[illegible]

DIV. OF OIL, GAS & MINING

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Percent Difference	5.79%

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Rock Dust Bld 17																			
	Structure's Demolition Cost	Steel Bld. Large	02220 110 0012	0.26 /CF														15504 CF	4031	
	Structure's Vol. Demolished																0	0 CY		
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel	City Services	City Service Price	4 /CY														0 CY	0	
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	Subtotal																			4031
	Equipment's Disposal Cost																			
	Dismantling Cost																			
	Equipment's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			
	Sealing Transfer Lines	Concrete filling of boreholes (2)		200 /CY		255			0.2556									0.9644 CY	193	
	Concrete Demolition	Concrete demolition	ConcreteDemo1	6.81 /CY																
	Concrete's Vol. Demolished																			
	Loading Cost	Front end loader 3 CY	02315 424 1300	1.43 /CY																
	Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. ind. trip	02315 490 0320	3.49 /CY																
	Disposal Costs	On site disposal	02220 240 5550	7.75 /CY																
	Subtotal																			1804
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			5935

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	Haulage																			
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	Disposal Cost Non Steel																			
	Steel's Weight	City Services	City Service Price	4 /CY														0 CY		0
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	Subtotal																			4031
	Equipment's Disposal Cost																			
	Dismantling Cost																			
	Equipment's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			
	Sealing Transfer Lines	Concrete filling of boreholes (2)		200 /CY		255			0.2558									0.9644 CY		193
	Concrete Demolition																			
	Demolition Cost	Concrete demolition	ConcreteDemo1	6.81 /CY														69 CY		470
	Concrete's Vol. Demolished																1.3	90 CY		
	Loading Cost	Front end loader 3 CY	02315.424.1300	1.43 /CY														90 CY		129
	Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. md. tri	02315.480.0320	3.49 /CY														90 CY		314
	Disposal Costs	On site disposal	02220.240.5550	7.75 /CY														90 CY		898
	Subtotal																			1804
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
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	Disposal Costs																			
	Subtotal																			
	Total																			5835

2.2.11 Plans for Casing and Sealing Holes

All exploration drill holes not completed as ground water monitoring wells will be plugged and abandoned using procedures specified by the BLM or the Division. Typically, exploration holes are backfilled with cement to a point at least thirty feet above the uppermost mineable coal seam. A bentonite grout is then placed on top of the cement to within 100 feet of the surface. Surface casings will be removed to at least two feet below ground surface if possible. The remainder of the hole is filled to the surface with a neat cement grout. Occasionally, the governing agency may request a survey monument be placed in the cement cap.

If the exploration hole is to be completed as a monitoring well, it will be constructed by a State licensed driller and in accordance with the requirements set forth by the State Engineer's Office for monitoring well completions. Typical well construction will be as follows. Well screen with appropriately sized apertures and steel casing will be installed in the drill hole to below the lowest mineable coal zone in water-bearing strata. The screened zone will be sand packed and sealed from overlying strata with at least 2 feet of bentonite and the overlying hole annulus will be cemented to the surface. Well casing with a locking lid will be left at the surface extending above the surface approx. 2 ft. The wellhead will be properly identified with either a brass marker or a welded-on identification.

Once a ground water monitoring well is no longer in use, it will be completely plugged with a cement or cement/bentonite slurry to the to ground surface. The wellhead and casing will be removed to at least two feet below ground surface when possible. The surface will be reclaimed to approximate original contour.

In 2009, two (2) drill holes were developed to transfer rock dust from the surface to the underground workings. Each 3.5-inch hole (3-inch I.D) is approximately 255 feet in length, and completed with steel casing. At reclamation, the abandonment procedure outlined for exploration holes (at beginning of this section).

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